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November 15, 2017

The Honorable Paul Ryan
Speaker, United States House of Representatives
H-232 The Capitol
Washington, DC 20515

The Honorable Kevin Brady
Chairman, U.S. House Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

Dear Speaker Ryan and Chairman Brady,

On behalf of the 20 million Americans that own forests in rural communities across the United States, I'm writing to offer our support for H.R. 1, the Tax Cuts and Jobs Act, as an important step forward in tax reform.

Earlier this year, we surveyed Tree Farmers across our nation and from their input assembled a list of tax priorities that are important for our support of tax reform legislation before Congress. I'm pleased to say the Tax Cuts and Jobs Act addresses most of these priorities.

Over the years, the tax code has come to recognize the unique and long-term nature of managing working forests, most of which are owned by families and individuals. Realizing that many harvests can occur once in a generation, the tax code includes provisions that ensure forestlands can be effectively managed even without annual income. Specifically, deductions for forest management and reforestation expenses after a harvest enable Tree Farmers to successfully manage their lands and reestablish the forest landscape that provide all of us with clean air and water, habitat for wildlife, places to hike, hunt, and fish, and products we use every day.


The long-term nature of the investment made in timber is further recognized by its tax treatment as a capital gain; this too remains in the tax reform package under consideration in the House. Finally, while we support eliminating the estate tax burden on family woodland owners, we also must see "stepped-up basis" maintained to avoid a *de facto* tax on the inheritor. We were pleased to see the stepped up basis provision also maintained and the estate tax burden reduced.

There does remain room for improvement in this bill. We were disappointed to see the elimination of the deduction for casualty losses. Forest owners affected by casualty events, like wildfires, tornados, ice storms, and hurricanes need assistance in restoring their forests to active production after these disasters. Allowing owners to deduct their losses following disasters, can help them afford to put money back into the land. Unfortunately, current law and the bill before the

House, don't allow landowners to deduct the actual loss they suffer after disasters. However, if a landowner were to donate their trees the day before a natural disaster, they could deduct the full value. We ask that you continue to work on this issue as tax reform advances, to find a solution that allows landowners to deduct their full losses.

Thank you again for your hard work on these issues and for this important step forward in the tax reform discussions. We look forward to the continued debate, and we encourage you to consider these changes as the Tax Cuts and Jobs Act makes its way to the President's desk.

Sincerely,

A handwritten signature in dark ink, appearing to read "Tom Martin", is positioned above the typed name.

Tom Martin
President and CEO
American Forest Foundation